



DEMOCRATIC POLICY COMMITTEE FACT SHEET

DPC Staff Contact: Bonnie Hogue (202) 224-3232 • FAX (202) 228-3432

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Strengthening Medicare: Principles for an Effective Prescription Drug Benefit

Senate Democrats are committed to passing this year a voluntary prescription drug benefit that is affordable and accessible for all Medicare beneficiaries. We agree on six basic principles to guide congressional action. An effective Medicare benefit should be:

- **Voluntary:** Medicare beneficiaries who now have dependable, affordable prescription drug coverage should have the option of keeping that coverage. Any proposal should provide incentives to preserve the best available private options.
- **Accessible to all beneficiaries:** A hallmark of Medicare is that all beneficiaries, even those in rural or underserved communities, have access to dependable health care. The same should hold true of a prescription drug benefit: All seniors, including those in traditional Medicare, should have access to a reliable, accessible Medicare drug benefit.
- **Designed to provide meaningful protection and bargaining power for seniors:** A Medicare drug benefit should assist seniors with the high cost of prescription drugs and protect them against excessive out-of-pocket costs. It should give beneficiaries the bargaining power in the marketplace they lack today. It also should include a minimum defined benefit that assures access to all medically necessary drugs and uses cutting-edge quality improvement tools.
- **Affordable to all beneficiaries and the program:** Medicare should contribute enough toward the prescription drug premium to make it affordable and attractive for all beneficiaries and to ensure the viability of the benefit. Low-income beneficiaries should receive extra help with prescription drug premiums and cost sharing.

Democratic Policy Committee
United States Senate
Washington, D.C. 20510-7050

Byron Dorgan, Chairman

- **Administered using private sector entities and competitive purchasing techniques:** The management of the prescription drug benefit should mirror the practices employed by private insurers in delivering prescription drugs. Discounts should be achieved through competition, not through regulation or price controls. Private organizations should negotiate prices with drug manufacturers and handle the day-to-day administrative responsibilities of the benefit.
- **Consistent with broader Medicare reform:** The addition of a Medicare drug benefit should be consistent with an overall plan to strengthen and modernize Medicare. Medicare will face the same demographic strain as Social Security when the baby boom generation retires. Improving its benefits is only one step in preparing Medicare for this new century's challenges.